

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/10):**

**BUTTER:** Grade AA closed at \$1.0600. The weekly average for Grade AA is \$1.0383 (-.0384).

**CHEESE:** Barrels closed at \$1.1475 and blocks at \$1.1800. The weekly average for barrels is \$1.1795 (-.0340) and blocks, \$1.2085 (-.0265).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9400 and Grade A at \$0.8800. The weekly average for Extra Grade is \$0.9400 (N.C.) and Grade A, \$0.8740 (+.0040).

**BUTTER:** The butter market is mixed. Many producers and handlers of butter are now speculating that USDA may not tilt butter/powder prices in the near future. This possibility has been cited as reason for the decline in the cash butter price. Cream offerings remain heavy in most areas of the country and additional volumes continue to clear from one region to another for processing. Many in the butter industry are surprised that some ice cream plants have not increased production at a faster pace with cream offerings and prices as favorable as they are. Butter production continues to surpass demand, thus inventories continue to run more than double last year at this time. Overall butter demand is fair at best. Most retail and food service orders are being placed for near term or immediate needs.

**CHEESE:** The cheese market is weak. A few traders already wonder whether prices will decline to support levels. Currently, the support price is \$1.1314 for blocks and \$1.1014 for barrels. Some buyers are reluctant to make purchases until prices settle. Current movement is fair at best. Some interest is noted from resort areas preparing for Memorial Day weekend and summer. Retail interest is often sluggish. Cheese production overall is increasing as milk volumes advance seasonally. U.S. cheddar production during the first 3 months of 2002 totals 718.0 million pounds, up 36.7 million pounds (5.4%) from the same quarter in 2001. Total cheese output during the first quarter totals 2,061.8 million pounds, up 42.5 million pounds (2.1%) from the same time in 2001.

**FLUID MILK:** Milk production is steady to slightly higher in most parts of the country. In the Southeast, the warmer temperatures have started to take their toll on the milk output. Elsewhere, milk is at or approaching its seasonal peak. Fluid milk supplies remain excessive of the generally slow bottled milk sales. Surplus milk diversions to manufacturing plants are very heavy and further exacerbated by the occasional plant maintenance problems and an ongoing strike. The fluid cream market remains weak and spot prices are lower. Supplies are still excessive, but contacts did report that they didn't seem as burdensome as the past several weeks.

**DRY PRODUCTS:** Despite some price increases on NDM, the market tone is weak. Production levels are mixed, mostly heavy and plant stocks are more than ample. Spot commercial sales are infrequent and the CCC remains the major buyer. The resale market is fair, but most purchases seem to be for immediate needs. The specter of a support price tilt seems to have eased, but there is still caution on the buying side of the market. The dry whey market is weak and prices in the Midwest and West moved lower. Production

seems to be outpacing demand and producer stocks are growing. Spot buyers still seem to be waiting for lower prices. The WPC market tone remains weak and prices are often lower. Stocks are mixed, ranging from balanced to long. Demand, particularly into feed accounts, is slow as users purchase on an as needed basis.

**CCC:** For the week of May 6 - 10, CCC purchased 25,975,215 pounds of NDM. Of the total, 2,258,498 pounds originated in the East, 2,877,412 pounds in the Midwest, and 20,839,305 pounds from the West.

**DECEMBER MAILBOX PRICES (DAIRY PROGRAMS):** In December 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$13.21 per cwt., \$1.04 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$15.74 in Florida to \$12.34 in Idaho. In December 2000, the Federal milk order all-market average mailbox price was \$12.92, \$.29 lower.

**MARCH DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 129.0 million pounds in March, 15.8% above March 2001 and 2.9% above February 2002. American type cheese output totaled 316.5 million pounds, 6.5% above March 2001 and 10.1% above February 2002. Total cheese output (excluding cottage cheese) was 717.1 million pounds, 0.5% above March 2001 and 10.8% above February 2002. Nonfat dry milk production, for human food, totaled 142.8 million pounds, 17.9% above March 2001 and 13.5% above February 2002. Dry whey production, for human food, was 91.7 million pounds, 4.2% above March 2001 and 14.3% above February 2002.

**2001 ANNUAL SUMMARY, DAIRY PRODUCTS (NASS):** U.S. butter production during 2001 totaled 1.24 billion pounds, 1.5% below 2000. Total cheese output, excluding cottage cheeses, was 8.13 billion pounds, 1.6% below the 2000 production. American type cheese production was 3.52 billion pounds, 3.4% below 2000 and accounted for 43.3% of total cheese in 2001. Italian varieties, at 3.33 billion pounds, were 1.2% above 2000 production. Mozzarella accounted for 80.1% of the Italian production followed by Provolone with 7.5% and Ricotta, 7.1%. Nonfat dry milk for human food totaled 1.41 billion pounds, down 2.6%. Dry whey for human food production, at 979 million pounds, was down 11.4%. Lactose, human and animal production was 523 million pounds, up 6.7%.

**NOTICE TO THE DAIRY INDUSTRY (FSA):** The CCC, in cooperation with the dairy industry, has been performing field tests to determine the suitability of utilizing its NDM to produce edible casein or caseinate. The testing, performed in accordance with Notice D&DOD-105, has been completed. The test results indicate there are sufficient benefits for CCC to offer its NDM for sale to the industry for conversion to casein or caseinate. Accordingly, CCC will make available up to 300 million pounds of NDM, 24 months or older, for casein or caseinate production. Interested manufacturers should contact: Marlyn Ziegler, Kansas City Commodity Office, D&DOD-Mail Stop 8718, PO Box 419205, Kansas City, MO 64141-6205 or phone 816-926-6620.

**\*\*\*\*SPECIAL THIS ISSUE\*\*\*\***

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 6	TUESDAY MAY 7	WEDNESDAY MAY 8	THURSDAY MAY 9	FRIDAY MAY 10	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2150 (N.C.)	\$1.1925 (-.0225)	\$1.1800 (-.0125)	\$1.1625 (-.0175)	\$1.1475 (-.0150)	(-.0675)	\$1.1795 (-.0340)
40# BLOCK	\$1.2350 (N.C.)	\$1.2275 (-.0075)	\$1.2100 (-.0175)	\$1.1900 (-.0200)	\$1.1800 (-.0100)	(-.0550)	\$1.2085 (-.0265)
NONFAT DRY MILK							
EXTRA GRADE	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	(N.C.)	\$.9400 (N.C.)
GRADE A	\$.8700 (N.C.)	\$.8700 (N.C.)	\$.8700 (N.C.)	\$.8800 (+.0100)	\$.8800 (N.C.)	(+.0100)	\$.8740 (+.0040)
BUTTER							
GRADE AA	\$1.0250 (-.0050)	----	\$1.0300 (+.0050)	----	\$1.0600 (+.0300)	(+.0300)	\$1.0383 (-.0384)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USD.A.GOV/MARKETNEWS.HTM](http://WWW.AMS.USD.A.GOV/MARKETNEWS.HTM)

## CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 6, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000

BUTTER — SALES: 6 CARS GRADE AA: 1 @ \$1.0200, 1 @ \$1.0275, 3 @ \$1.0300, 1 @ \$1.0250; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.0000, 2 @ \$0.9500; OFFERS UNCOVERED: NONE

TUESDAY, MAY 7, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.1925, 1 @ \$1.2050, 2 @ \$1.2150; 1 CAR 40# BLOCKS @ \$1.2275

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000

WEDNESDAY, MAY 8, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.1800; 2 CARS 40# BLOCKS: 1 @ \$1.2250, 1 @ \$1.2100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS, @ \$1.1925; 3 CARS 40# BLOCKS: 1 @ \$1.2100, 2 @ \$1.2275

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000

BUTTER — SALES: 24 CARS GRADE AA: 3 @ \$1.0250, 1 @ \$1.0275, 7 @ \$1.0300, 1 @ \$1.0325, 4 @ \$1.0300, 5 @ \$1.0325, 3 @ \$1.0300; BIDS UNFILLED: 6 CARS GRADE AA: 2 @ \$1.0300, 1 @ \$1.0200, 1 @ \$1.0100, 2 @ \$1.0000; OFFERS UNCOVERED: NONE

THURSDAY, MAY 9, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.1625, 1 @ \$1.1650, 1 @ \$1.1725, 1 @ \$1.1800; 3 CARS 40# BLOCKS: 1 @ \$1.2000, 2 @ \$1.2100

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 5 CARS GRADE A @ \$0.8800; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000

FRIDAY, MAY 10, 2002

CHEESE — SALES: 5 CARS 40# BLOCKS: 1 @ \$1.1825, 1 @ \$1.1800, 1 @ \$1.1775, 2 @ \$1.1800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.1475, 1 @ \$1.1525, 1 @ \$1.1625; 2 CARS 40# BLOCKS @ \$1.1800

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE A @ \$0.8800; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000

BUTTER — SALES: 29 CARS GRADE AA: 2 @ \$1.0325, 2 @ \$1.0300, 2 @ \$1.0325, 6 @ \$1.0400, 1 @ \$1.0425, 2 @ \$1.0400, 1 @ \$1.0425, 2 @ \$1.0500, 1 @ \$1.0475, 2 @ \$1.0500, 1 @ \$1.0525, 5 @ \$1.0550, 1 @ \$1.0525, 1 @ \$1.0600; BIDS UNFILLED: 24 CARS GRADE AA: 2 @ \$1.0550, 2 @ \$1.0525, 1 @ \$1.0500, 3 @ \$1.0450, 2 @ \$1.0425, 4 @ \$1.0400, 2 @ \$1.0375, 1 @ \$1.0350, 2 @ \$1.0325, 2 @ \$1.0300, 1 @ \$1.0275, 1 @ \$1.0250, 1 @ \$1.0200; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0700, 1 @ \$1.0800

## BUTTER MARKETS

## MARCH BUTTER PRODUCTION

During March 2002, butter production in the United States totaled 129.0 million pounds, 15.8% more than March 2001 and 2.9% higher than February 2002. The following are March to March changes for various states: CA +18.8%, NY +5.1%, PA +23.2%, WA +16.5%, and WI +16.7%.

## NORTHEAST

The market tone is weak. The price at the CME has, at the time of this report (5/7), dropped more than a dime since trading on April 29. Several contacts have commented on the recent rumor that USDA may not "do a tilt" in the near future. This possibility has been cited as reason for the decline in butter prices. Churning activity is little changed as milk and cream supplies are seasonally heavy and demand for cream is not improving as anticipated. Bulk and packaged butter supplies are excessive of current needs. Demand for bulk is slow and packaged sales are just fair. However, food service orders are heavy this week as restaurants prepare for one of, if not the busiest Sundays of the year. Retail prices remain quite high in relationship to wholesale. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

## CENTRAL

Butter markets remain weak with the cash price at the CME holding around the \$1.03 level at midweek. Producers and handlers have mixed opinions as to where this price will settle in the near term. Trade speculation continues to surface that a support tilt will not occur, but some still feel that it will. In light of the non tilt speculation, traders state that this is why the cash price has dipped to the current

level. Some feel that the cash price could decline further. Churning activity in the Midwest remains heavy. Cream offerings are heavy from local and out of area sources. Production continues to surpass demand thus stocks are more than double the level of last year at this time. Overall butter demand is fair at best. Orders are being filled for short term or immediate needs. Most buyers are cautious and are not placing large orders in light of weak market conditions. Bulk butter for spot sale is selling in a range of flat - 2 cents per pound over various pricing basis and often these prices are negotiable, especially if multiple loads are involved.

## WEST

Cream offerings remain burdensome and most of it continues to enter churns within the region. Contacts are surprised that some ice cream plants have not increased production at a faster pace with these very favorable cream prices. Some contacts are also surprised that butter is selling as well as it is at this time of year. Print orders are being called fair. U.S. butter production has been heavy all year and the rate of growth compared to last year has increased each month. March output totaled 129.0 million pounds, an increase of 15.8% from last year. For the first quarter of the year output is up 12.7%, or 44.5 million pounds. March output for the Western region is up 14.4% from a year earlier with California up 18.8% and Washington up 16.5%. CME weekly butter stocks grew by another 4.3 million pounds reaching 128.3 million pounds, another all time record. Current prices for bulk butter range from 5 cents to 2 cents under market based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
MAY 4	1.2331 7,236,020	1.2333 11,626,293	0.8934 31,733,960	1.1079 3,157,073	0.1806 10,926,225	1.5302 2,728,038	1.5173 4,804,377

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are lower on natural cheddar and process items, unchanged on Swiss. The market tone is steady to weak. Production levels are steady to heavier and stocks of some cheeses are accumulating. Surplus milk supplies in the Northeast are at or near peak levels and have been higher than expected for quite some time. Some cheese makers are trying to maintain normal production schedules and not take too much additional milk. Demand for cheddar is fair and most of the current output is going into aging programs. This is typical for New York and Vermont cheddar. Mozzarella output is steady, but as schools/colleges recess, pizza consumption generally slows or shifts from fall/winter levels. Retail sales are seldom better than fair. During March, cheddar cheese output in the Atlantic region totaled 14.6 million pounds, 15.5% more than March 2001; mozzarella production was 44.9 million pounds, 5.5% less than a year ago.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2975-1.7625
Cheddar Single Daisies	:	1.2550-1.7150
Cheddar 40# Block	:	1.3725-1.5850
Process 5# Loaf	:	1.4225-1.6075
Process 5# Sliced	:	1.4425-1.7200
Muenster	:	1.4575-1.6650
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is weak. Cash cheese prices at the Chicago Mercantile Exchange remain pressured by offerings exceeding the limited interest. Recent price declines have also scared some buyers to the sideline to wait for prices to hit bottom before reordering. Current offerings continue to build at the plant level and exceed sales. Speculators are also cutting back on cheddar aging programs. Seasonal demand improvement is noted from resort area accounts preparing for Memorial Day weekend needs. For most cutters, if not also processors, retail sales seem to be the softest. A few attempts on starting retail promotions to stimulate sales have received sparse retailer interest. Regular food service accounts are steady. Mozzarella stocks are building for more producers. Current cheese production is steady to increasing seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4325-1.6100
Brick And/Or Muenster 5#	:	1.5500-1.7950
Cheddar 40# Block	:	1.5100-2.1150
Monterey Jack 10#	:	1.7400-2.1150
Blue 5#	:	1.9775-2.2800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5400-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0675-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MAY 6 - 10, 2002
BARRELS*	:	\$1.2100 - 1.2275 (NOMINAL)
	:	(-\$.0125) (-.0125)
40# BLOCKS	:	\$1.2225 - 1.2675 (NOMINAL)
	:	(-\$.0125) (-.0125)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Natural and process cheese prices moved lower this week following trading activity at the CME cash cheese market last week. Cheese production in the region is increasing rather dramatically as more milk becomes available due to the spring flush. Demand is being called fair at best, often slower than anticipated. Stocks of cheese are growing more rapidly with more cheese going into outside storage locations. Demand from processors for barrels and under grade cheese remains active. Good quality current blocks are readily available and they are not all clearing easily. U.S. American cheese production in March totaled 316.5 million pounds, up 6.5% from a year earlier. Output for selected Western states is as follows: California +17.7%, Idaho +6.7%, Oregon +48.1%, and Washington +16.1%. The Western region in total was up 14.0%. Swiss sales are being called good for this time of year. March production was down 1.7% from last year to 20.4 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3650-1.6250
Cheddar 40# Block	:	1.3550-1.4950
Cheddar 10# Cuts	:	1.5350-1.7550
Monterey Jack 10#	:	1.5450-1.7100
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5300

## FOREIGN

Prices for domestic styles are generally lower. The market for imported or domestically made cheese is seasonal at best. Demand is just fair. However, with the U.S. cash price at the CME as low as it is and the cheese supply as abundant as it is, the need for imported processing styles has eased. Demand for table cheese is just fair. Reports indicate that the cheese market in the EU is weak and prices are at or near the level of two years ago. This may impact importers and users purchasing decisions if prices in the EU continue to decline.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-3.1400	1.6000-3.0950*
Gorgonzola	:	3.2400-5.9400	2.1000-2.4900*
Parmesan (Italy)	:	TFEWR	3.0150-3.0700*
Romano (Italy)	:	2.1000-3.1500	-0-
Provolone (Italy)	:	3.4400-5.5000	1.6025-1.8275*
Romano (Cows Milk)	:	-0-	2.7925-4.9725*
Sardo Romano (Argentina)	:	2.8500-3.2900	-0-
Reggianito (Argentina)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.6900	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500	-0-
Swiss Cuts Austrian	:	TFEWR	-0-
Edam	:		
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-2.8900	-0-
Gouda, Large	:	2.3900-2.6500	-0-
Gouda, Baby (\$/Dozen)	:		
10 Ounce	:	27.8000-31.7000	-0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
05/06/02	55,691	:	127,566
05/01/02	52,956	:	126,129
CHANGE	2,735	:	1,437
% CHANGE	5	:	1

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	85	0	138	0	176
SOUTHEAST STATES	0	0	0	0	0	0

The following are the April 2002 Class and component prices under the Federal Milk Order pricing system: Class II \$11.88 (down \$0.31 from March), Class III \$10.85 (up \$0.20); and Class IV \$11.09 (down \$0.33). The following are product price averages used in computing Class prices: butter \$1.1720, NDM \$0.8975, cheese \$1.2323, and dry whey \$0.1948. The Class II butterfat price is \$1.2960 and the Class III/IV butterfat price is \$1.2890. Milk production is holding about steady in the Northeast. Some increases are being reported, but gains are rather small as the weather patterns have been cooler than expected for May. In Florida, hot weather has returned and the milk flow is starting to drop off. Florida's fluid milk supplies are still long, but in better balance. The volumes leaving the state have decreased significantly since last week. Bottled milk sales remain slow, but scattered features have boosted demand in some locales. More colleges are recessing for the school-year, which does impact bottling schedules. In the Southeast, schools will start recessing in a week or two and bottlers and manufacturers are preparing for this change in operating schedules. Currently, manufacturing plants are not as busy as they have been, but Northeastern operations are still pretty full since the strike at a large milk-user's plant is still unsettled. (Contacts feel that this strike could be a long one.) Southeastern plants have more "down time" now that Florida isn't shipping as much milk and local milk production is starting to ease lower. The condensed skim market is mixed and prices are unchanged. However, estimates of April's skim milk prices have some producers thinking that wet solids prices need to move a little higher. Buyers, however, don't share that view, particularly when so much inexpensive NDM is available. Some spot sales for Class II condensed skim were noted this week, which may indicate an improving need from ice cream makers. The fluid cream market is still weak and supplies are excessive of current Class II needs. Volumes are reported as long, but not quite as burdensome as they have been. Some improved spot demand from ice cream makers was noted, but not up to levels that many suppliers expect for May. Spot prices are generally lower as the butter average price at the CME dropped nearly eight cents last week. Some spot buyers want to purchase based on current market levels. Sour cream and cream cheese output is about steady. However with prices as low as they are, some users are looking to step up production. Bottled cream production and sales are starting to increase as strawberries are showing in the retail stores. Churning activity remains moderate to heavy.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2920-1.4320
DELIVERED EQUIVALENT ATLANTA	-	1.3028-1.4212 M 1.3351-1.3459
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3459-1.4105

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9550-1.0250
NORTHEAST- CLASS III - SPOT PRICES	- .7500-.9600

## M I D W E S T

Class I demand is steady to occasionally improved where feature activity is moving some extra volumes. Manufacturing milk supplies remain heavy and plants continue to operate on schedules well above year ago levels. Some handlers are increasingly worried about being able to handle the extra milk volumes after schools close for the summer. Finding an extra load is not difficult with some plant operators happy to give up an extra load or two of milk rather than manufacture. Reported spot prices range from \$.10 over class up to \$.75 over class. Spot milk demand slowed by midweek after cash cheese prices further declined at the Chicago Mercantile Exchange and manufactured product sales slowed. A large plant temporarily closing for refurbishing also caused

extra milk volumes to back up to other plants. Cream prices are lower, reflecting the recent decline in the weekly butter average at the Chicago Mercantile Exchange. Cream demand is good from ice cream accounts trying to make product for summer. Condensed skim interest is good and prices range from \$.95 - 1.00. Current milk intakes are fairly steady with recent weeks. Some plants are noticing sharper declines in fat and protein tests in incoming milk volumes while others are little changed. Field conditions range from dry, mainly west of the Mississippi, to often very wet further east. Corn planting is occurring but conditions are often less than ideal due to wet fields and frequent showers. Often cool temperatures are keeping alfalfa growth sluggish.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 2 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 45.00	\$ 44.00- 49.00
REPLACEMENT HEIFER CALVES	\$500.00-650.00	\$350.00-480.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 2 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.50- 46.50	\$ 44.00- 55.00

## W E S T

Milk output levels continue to outpace a year ago across most of the milk producing areas of the Southwest. The April 4a price (butter/powder) in CALIFORNIA is \$10.73, down \$0.27 from March and \$3.59 lower than last year. This compares to the Federal Order Class IV price for April at \$11.09. The April 4b price (cheese) is \$10.59, up \$0.39 from March but \$1.53 lower than last year. This compares to the Federal Order Class III price for April at \$10.85. Conditions remain nearly ideal for milk cows to produce milk in California. There have been occasional rains, but not to the extent of affecting milk production. Plant intakes are heavy and limiting options of processors to take down time or manage inventories by lowering production. With most dairy commodity prices lower, there is no advantage to move milk around for maximum returns. Milk continues to enter the state to find processing capacity. Plant intakes are even higher in the south and handlers are assessing whether levels will surpass what they had thought was the peak. Hay prices are lower, reflecting lighter demand and some lower quality product being offered. ARIZONA milk output is steady at high levels. Plants are running near capacity to handle the volume. Weather conditions are good with cool temperatures continuing at nights. Milk volumes have not fallen off much from recent peak levels. Milk production remains higher in NEW MEXICO. Hotter weather has not affected the herds. Surplus milk is moving out of the state for processing. Weather patterns remain good for milk production in the PACIFIC NORTHWEST. Temperatures are on the cool side and rain showers have lessened. A concern for some milk producers is that hay cutting is 2-3 weeks later than normal. Producers that were counting on early cutting hay sales are becoming concerned. Limited cutting is beginning in the COLUMBIA BASIN. Some good quality old crop hay offerings do remain available. Manufacturing plants are operating on extended schedules to clear all the spring flush milk being offered. Heifer prices in the region have recovered from some declines noted over the past few weeks and actually rebounded from \$1-200 higher. Cold temperatures and some heavy snow in spots have been noted over NORTHERN UTAH and SOUTHERN IDAHO. Temperatures in the low to mid 20's twice this week caused much more concern than the snow. The moisture was actually quite welcome. Row crops that have been planted were probably not up enough to be hurt by the cold temperatures, but the alfalfa will be impacted. Cutting, which was already behind schedule, will be further delayed as the alfalfa crop takes time to recover. Milk production is finally showing some signs of a spring flush. Herd expansion plans are continuing in Idaho. Cream continues to remain available in the region with some additional demand developing, partly attributed to lower pricing levels and partly due to some seasonal increases noted from ice cream makers. The butter price at the CME fell sharply last week and basing prices (weekly averages, multi-day averages, etc.) are still adjusting lower, so buyers are either waiting for the base to lower or negotiating for a new point. Western multiples are trading in the 105 to 122 range, F.O.B. Low multiples are still needed to secure sales to the butter side. Higher multiples are going to the ice cream trade.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to higher. Producers primed with ADPI rumors of a status quo tilt adjustment are attempting to move offering prices higher and more closely in line with the support price of 90 cents. However, since a decision has not been finalized, buyers are not purchasing additional supplies beyond their current needs. Production is higher and stocks are generally in balance due to heavier offerings of NDM to the CCC. High heat movement is generally based on available stocks as most dryer time is being filled with low heat production. Sales are being reported into candy, blending and cheese operations for the seasonal interest.

EAST: Prices moved higher this week, but the market tone remains weak. Producers who have been selling at the low end of the range have basically cleared desired volumes and pushed new-sale prices closer to the support purchase price. Demand, at the new price level is sluggish at best. Resellers continue to move powder in the high 80s, but they too are now trying to get the support price for their powder. Reportedly, producers are still competing with the lingering volumes of March's "big sale." Production levels are steady to slightly lower where plants had some operation problems. For the most part, Eastern dryers have no shortage of milk available to them. Demand is mostly for replacement volumes, but there is now growing sentiment that a tilt will not occur any time soon. However, with all the NDM that is available, some buyers don't see a need to buy too far ahead, just in case there is tilt.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during March 2002 totaled 142.8 million pounds, up 17.9% from March 2001 and 13.5% above February 2002. Month ending stocks, at 144.2 million pounds, are 16.7% above a year ago and 1.2% higher than February 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8800 - .9525 MOSTLY: .8800 - .9000

HIGH HEAT: .9300 - .9825

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are slightly declining on the top end of a wide range. The market tone remains weak. Spot sales are limited with buyers continuing to make purchases only for nearby needs. Drying remains heavy to process the high milk volumes in the region. During the week of April 29 - May 3, adjusted support program purchases totaled 19,384,054 million pounds of NDM with 16,277,243 pounds from the West. High heat prices are lower. Seasonal demand is slow to develop and interest is seldom better than light. Production is typically made to order only. U.S. NDM production in March totaled 142.8 million pounds, up 17.9% from last year and 13.5% higher than February. March production in the West region totaled 103.4 million pounds, up 15.3% from last year. California totaled 62.1 million pounds, up 6.0% from last year. Washington totaled 17.2 million pounds, up 14.0% from last year. U.S. stocks at the end of March were reported at 144.2 million pounds, up 16.7% from last year and up 1.2% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8600 - .9625 MOSTLY: .8950 - .9000

HIGH HEAT: .9150 - .9325

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 3	\$ .9008	14,882,544	8,830,980
April 26	\$ .9022	14,639,036	10,258,624

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged on a mostly steady market. Supplies are mixed. Some manufacturers are holding heavy stocks and trading buttermilk at a discount. At other locations, supplies are in good balance and trading at a premium. While condensed buttermilk is steadily clearing into the ice cream industry, movement remains less than anticipated for this time of year. Production is steady to higher with feed quality supplies trading at substantial discounts. Dry buttermilk production during March 2002 totaled 5.8 million pounds, up 12.2% from March 2002 and 18.5% higher than February 2002. Month ending stocks, at 9.2 million pounds, are 112.0% above last year and 2.7% higher than last month.

F.O.B. CENTRAL: .8000 - .9000

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady and the market tone remains weak. Eastern prices are nominal. Producers moved few, if any, spot loads and resellers report an unaggressive, lackluster market. Production levels are steady to slightly lighter. Producer stocks are light to adequate and there is relatively little concern over the lack of market activity. Many contacts feel that the market will improve once warmer weather arrives and ice cream sales pick up. Dry buttermilk production during March 2002 totaled 5.8 million pounds, up 12.2% from March 2001 and 18.5% more than February 2002. Month ending stocks, at 9.2 million pounds, are more than double last year and 2.7% more than a month ago.

F.O.B. NORTHEAST: .8300 - .8775

DELVD SOUTHEAST: .8000 - .8800

**DRY BUTTERMILK - WEST**

Pricing levels continue to drift lower for dry buttermilk in the West. Offerings remain plentiful from a variety of producer and reseller sources. Demand is light beyond contracted amounts. Sales of condensed buttermilk are not picking up seasonally as expected. Drying schedules remain heavy to process solids. U.S. dry buttermilk production in March totaled 5.8 million pounds, up 12.2% from last year and 18.5% higher than February. Stocks at the end of March were reported at 9.2 million pounds, up 112.0% from a year earlier and 2.7% above February.

F.O.B. WEST: .8200 - .8800 MOSTLY: .8500 - .8700

**DRY WHOLE MILK - NATIONAL**

Prices are steady to lower within the range and nominal. The market tone is unchanged. Production is light and plant stocks are closely balanced. Spot demand is, at best, slow. Dry whole milk production during March 2002 totaled 1.9 million pounds, down 32.4% from March 2001 and 54.4% below February 2002. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT: 1.1600 - 1.2400

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH MAY 3, 2002  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)  
This program-year's allocation is filled.

CHEESE -- 3,030 MT (6,679,938 LBS)  
This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are lower on a weak market. Negotiations at the recent ADPI meeting increased whey trading activity yet supplies remain heavy. Movement is best into brokerage firms for export demand. Resellers are generally reluctant to stock supplies and will purchase whey only when an end-user is guaranteed. Production is heavy due to an increased availability of condensed whey. Some plants are offering out blocks for bidding. Buyers are placing bids below the range and meeting seller resistance. Production of human food, dry whey during March 2002 totaled 91.7 million pounds, 4.2% more than March 2001 and 14.3% above February 2002. Month ending stocks, at 42.4 million pounds, are 37.6% above a year ago and 14.2% more than February 2002.

F.O.B. CENTRAL: .1700 - .1800 MOSTLY: .1700 - .1750

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are mostly unchanged this week and the market tone remains weak. Producers and resellers alike report sluggish, lackluster spot buying interest. Producers are clearing a good portion of their output via contracts, but stocks do continue to build. Eastern producers do have loads available for spot sale, but do not seem to be in as long a position as some Midwest producers. Resellers report having a hard time clearing all their contracted volumes. Demand for dry whey remains slow. Last week's ADPI meetings didn't seem to generate any renewed interest for whey. Export sales are being sought, but prices need to be well below current levels to make sales "happen." Production of human food, dry whey during March 2002 totaled 91.7 million pounds, 4.2% more than March 2001 and 14.3% above February 2002. Month ending stocks, at 42.4 million pounds, are 37.6% above last year and 14.2% more than a month ago. Production of animal feed, dry whey during March totaled 4.6 million pounds, 12.9% less than a year ago and 18.5% below last month.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1850  
USPH GRADE A .1950 - .2125  
DELVD SOUTHEAST: .2000 - .2100

**DRY WHEY - WEST**

Prices continue to weaken for Western whey powder. The lower prices are stimulating some additional export sales activity. Offerings remain very heavy. Powder from other regions of the country is trying to move into export channels with only limited success. Having to cover the cost of the freight in getting the powder to the coast is proving to be a problem. Domestic demand is rated as fair. Lower prices are stimulating some renewed interest from some previous whey buyers. March U.S. human whey production totaled 91.7 million pounds, an increase of 4.2% from last year. Production in the Western region was 26.0 million pounds, up 8.4% from 2001. Stocks of whey at the end of March totaled 42.4 million pounds, up 37.6% from a year earlier.

NONHYGROSCOPIC: .1550 - .2000 MOSTLY: .1600 - .1850

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower. Trading activity on milk replacer is light as supplies are limited. Demand is good where product is available. Roller ground prices are adjusting lower with changes in the Extra Grade market. Delactose activity remains nominal with most trading occurring on a contractual basis. Spot buyers are resisting the current market and expressing adamantly that prices need to move lower in conjunction with WPC and whey markets. Production of animal feed dry whey during March 2002 totaled 4.6 million pounds, 12.9% lower than a year ago and 18.5% less than February 2002. Month ending stocks, at 1.0 million pounds, are 78.8% below a year ago and 26.8% lower than last month.

F.O.B. CENTRAL:  
MILK REPLACER: .1550 - .1625  
ROLLER GROUND: .1650 - .2025  
DELACTOSE (Min. 20% protein): .3800 - .4150

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are generally lower on a weak market. Demand is slow. Supplies continue mixed as some plants remain in good balance while others tend to run long. Offerings are heavy with sellers seeking commitments on sales for the remainder of the year. Feed buyers are generally under-contracted and buying product only as needed as prices are anticipated to move lower. Spot trades into edible and export markets are nominal. WPC 80% supplies are in better balance yet some domestic and foreign sourced product remain competitive with the WPC 34% market. Condensed WPC and off grade supplies are readily available for the light interest. Production of HUMAN FOOD WPC during March 2002 totaled 28.2 million pounds, up 23.5% from March 2001 and 9.3% above February 2002. Manufacturers end-of-month stocks totaled 24.6 million pounds, 121.7% higher than a year ago and 16.6% above last month. Production of ANIMAL FEED WPC during March 2002 totaled 3.3 million pounds, down 14.4% from March 2001 but 3.8% above February 2002. Manufacturers end-of-month stocks totaled 1.3 million pounds, 31.6% below last year and 20.8% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .5125 - .5700 MOSTLY: .5225 - .5425

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to lower on a weak market. Contract negotiations for the second quarter are generally complete. Some producers were not able to garner comparable sales volumes held on contracts during the first quarter, especially into export markets. Hence, supplies are heavy and building as production reflects seasonal increases in the milk supply. To alleviate excess stocks, some plants are lowering prices to remain competitive with the whey market into the feed industry and export markets. Spot interest is best into brokerage firms and sectors of Asia. Lactose production during March 2002 totaled 49.3 million pounds, up 11.2% from March 2001 and 12.1% above February 2002. Month ending stocks, at 33.0 million pounds, are 17.7% higher than a year ago and 18.5% above last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2625 MOSTLY: .1600 - .2100

**CASEIN - NATIONAL**

Casein markets remain generally steady at unchanged prices. The market tone is weak. Most domestic buyers are placing orders with regular suppliers on an as needed basis, versus long term commitments. Stocks are adequate to keep domestic users satisfied. USDA continues to receive field test results of the recent government owned NDM/casein test and will be coming out soon with the findings and indicate what future possibilities might exist for commercial production.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.2500 - 2.4000  
ACID: 2.0500 - 2.3000

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are holding at relatively heavy levels. Surplus milk supplies are still heavy and some producers are taking advantage of the below-class prices to build inventories. Demand is mostly for replacement volumes, but the market remains very competitive. Canned evaporated milk production during March 2002, totaled 40.5 million pounds, 19.9% more than March 2001 and 37.7% more than February 2002. Month ending stocks, at 46.3 million pounds, are 13.3% less than a year ago but 1.3% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CHICAGO MERCANTILE EXCHANGE FUTURES**Selected settling prices, (open interest), and volume 1/

Month	04/24	04/25	04/26	04/29	04/30	05/01	05/02	05/03	05/06	05/07
<b>CME - (CLASS III) MILK FUTURES --</b> Dollars per cwt.										
APR 02	10.85 (1719) 8	10.86 (1634) 138	10.85 (1639) 4	10.85 (1610) 13	10.84 (1605) 5	10.84 (1605) 1	10.84 (1470) 0	10.85		
MAY 02	11.11 (2029) 35	11.10 (2009) 71	11.06 (1991) 19	11.03 (2005) 45	11.02 (1995) 21	11.02 (1995) 1	11.02 (1996) 208	11.02 (1994) 17	11.00 (1987) 83	10.94 (1961) 80
JUN 02	11.87 (2289) 25	11.79 (2357) 110	11.63 (2365) 26	11.55 (2438) 113	11.52 (2447) 60	11.52 (2455) 24	11.47 (2489) 105	11.41 (2506) 61	11.37 (2544) 101	11.23 (2605) 93
JUL 02	12.66 (2549) 40	12.55 (2627) 156	12.48 (2648) 48	12.42 (2658) 28	12.42 (2659) 76	12.43 (2674) 50	12.42 (2733) 136	12.36 (2766) 38	12.35 (2820) 131	12.20 (2893) 201
AUG 02	13.08 (1993) 81	12.95 (2071) 172	12.93 (2096) 34	12.90 (2104) 27	12.93 (2106) 29	12.95 (2113) 15	12.95 (2139) 57	12.94 (2145) 7	12.92 (2199) 101	12.83 (2231) 56
SEP 02	13.28 (2127) 56	13.20 (2197) 158	13.17 (2208) 15	13.17 (2218) 14	13.18 (2228) 39	13.20 (2227) 3	13.20 (2227) 2	13.18 (2230) 18	13.16 (2264) 94	13.10 (2289) 87
OCT 02	12.80 (1277) 21	12.75 (1327) 62	12.72 (1324) 21	12.70 (1337) 14	12.71 (1365) 48	12.75 (1368) 10	12.77 (1368) 6	12.75 (1371) 5	12.76 (1400) 97	12.74 (1429) 51
NOV 02	12.40 (851) 27	12.30 (921) 115	12.27 (930) 83	12.21 (934) 7	12.22 (931) 12	12.25 (931) 1	12.30 (931) 6	12.28 (931) 0	12.28 (960) 31	12.30 (960) 4
DEC 02	12.20 (687) 21	12.14 (686) 11	12.05 (720) 36	11.95 (726) 10	11.95 (723) 3	12.00 (726) 4	12.07 (724) 4	12.05 (726) 3	12.05 (733) 8	12.10 (734) 2
JAN 03	11.74 (88) 0	11.74 (88) 1	11.70 (88) 0	11.70 (88) 0	11.70 (88) 0	11.70 (88) 0	11.70 (88) 0	11.70 (88) 5	11.70 (88) 0	11.68 (88) 0
FEB 03	11.60 (57) 0	11.60 (57) 0	11.55 (58) 1	11.55 (58) 0	11.55 (58) 0	11.55 (58) 0	11.55 (58) 8	11.53 (58) 0	11.53 (71) 14	11.50 (75) 11
MAR 03	11.60 (52) 0	11.60 (54) 2	11.55 (55) 1	11.55 (55) 0	11.55 (55) 0	11.55 (55) 0	11.55 (55) 0	11.55 (55) 0	11.55 (85) 40	11.50 (91) 7
APR 03	11.70 (42) 0	11.70 (43) 1	11.60 (43) 0	11.60 (43) 0	11.60 (43) 1	11.58 (43) 0	11.58 (43) 0	11.58 (43) 0	11.58 (43) 2	11.53 (56) 13
MAY 03	11.73 (31) 0	11.73 (31) 0	11.75 (31) 1	11.75 (31) 0	11.75 (31) 0	11.75 (31) 0	11.75 (31) 0	11.75 (31) 0	11.75 (33) 23	11.75 (33) 0
<b>CME - CLASS IV MILK FUTURES -</b> Dollars per cwt.										
APR 02	11.20 (167) 0	11.20 (167) 5	11.15 (167) 0	11.15 (167) 0	11.15 (167) 0	11.15 (167) 0	11.05 (166) 0	11.09		
MAY 02	11.20 (249) 0	11.20 (249) 0	11.15 (249) 0	11.15 (249) 0	11.15 (249) 0	11.00 (249) 0	11.00 (250) 5	10.85 (250) 0	10.76 (250) 0	10.76 (250) 1
JUN 02	11.30 (364) 0	11.30 (364) 0	11.30 (364) 0	11.30 (364) 0	11.30 (365) 1	11.00 (364) 0	11.00 (364) 0	10.90 (364) 0	10.90 (365) 1	10.75 (365) 0
JUL 02	11.29 (495) 0	11.29 (495) 2	11.20 (495) 0	11.20 (495) 0	11.20 (495) 1	11.00 (494) 1	11.00 (491) 5	10.90 (491) 0	10.90 (491) 0	10.90 (491) 0
AUG 02	11.40 (477) 0	11.40 (477) 0	11.39 (477) 0	11.39 (477) 0	11.39 (477) 0	11.33 (477) 0	11.33 (477) 0	11.33 (477) 0	11.33 (477) 0	11.15 (477) 3
SEP 02	11.40 (416) 0	11.40 (417) 1	11.30 (417) 0	11.30 (417) 0	11.30 (417) 0	11.29 (417) 0	11.29 (417) 0	11.29 (417) 0	11.25 (417) 0	11.22 (419) 5
OCT 02	11.40 (370) 0	11.40 (370) 0	11.40 (370) 0	11.40 (370) 0	11.40 (370) 0	11.30 (370) 0	11.30 (370) 0	11.30 (370) 0	11.30 (370) 0	11.22 (372) 5
NOV 02	11.48 (264) 0	11.40 (265) 1	11.40 (265) 0	11.40 (265) 0	11.40 (268) 7	11.25 (268) 0	11.20 (270) 2	11.00 (270) 0	11.00 (270) 0	11.00 (270) 1
DEC 02	11.48 (94) 0	11.48 (94) 0	11.48 (94) 0	11.48 (94) 0	11.48 (114) 22	11.22 (115) 5	11.22 (115) 0	11.22 (117) 2	11.10 (117) 3	11.00 (119) 2
JAN 03	11.63 (26) 0	11.63 (26) 0	11.63 (26) 0	11.63 (26) 0	11.63 (26) 0	11.50 (26) 0	11.45 (26) 5	11.45 (28) 3	11.35 (34) 6	11.25 (35) 1
FEB 03	11.59 (32) 0	11.59 (32) 0	11.59 (32) 0	11.59 (32) 0	11.59 (32) 0	11.50 (32) 0	11.50 (32) 8	11.50 (32) 1	11.50 (38) 7	11.35 (38) 5
MAY 03	11.64 (10) 0	11.64 (10) 0	11.64 (10) 0	11.64 (10) 0	11.64 (10) 2	11.55 (10) 0	11.50 (10) 0	11.50 (10) 0	11.50 (18) 8	11.35 (18) 5
<b>CME - BUTTER FUTURES --</b> Cents per pound										
MAY 02	119.75 (235) 2	117.00 (231) 6	112.50 (217) 17	113.00 (216) 18	110.75 (218) 2	106.50 (175) 60	106.25 (225) 59	106.25 (218) 12	105.00 (170) 0	103.50 (164) 6
JUL 02	123.50 (321) 1	120.00 (323) 5	116.00 (325) 9	115.50 (326) 16	115.00 (329) 10	111.00 (337) 42	110.00 (366) 61	109.25 (365) 2	108.02 (366) 1	107.50 (373) 14
SEP 02	126.00 (287) 3	123.00 (288) 2	119.25 (288) 4	118.50 (289) 1	118.00 (283) 7	115.00 (279) 33	113.25 (279) 0	113.25 (278) 13	111.50 (278) 7	110.00 (278) 8
OCT 02	127.00 (229) 6	124.00 (234) 10	120.75 (234) 10	119.00 (239) 7	118.50 (239) 5	116.00 (242) 3	115.00 (242) 0	115.00 (244) 5	112.02 (243) 6	111.00 (246) 9
DEC 02	128.00 (38) 0	128.00 (40) 4	124.00 (41) 2	124.00 (41) 0	121.00 (41) 0	119.00 (41) 0	119.00 (42) 1	114.00 (42) 0	114.00 (42) 1	112.00 (42) 0
<b>CME - NONFAT DRY MILK FUTURES --</b> Cents per pound										
JUL 02	86.00 (13) 0	86.00 (13) 0	86.00 (13) 0	86.00 (13) 0	86.00 (13) 0	86.00 (13) 0	88.00 (11) 2	88.00 (11) 0	88.00 (11) 0	88.00 (11) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered April 29 - May 10, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production pattern throughout most of Europe are reported to be very strong. In Germany, recent figures indicate that milk output is 1% ahead of last season, 4% heavier in France, and 5 – 10% higher in the UK. The growth in the UK is not surprising when one remembers what that country was going through last year at this time. All in all, milk production figures are estimated to be running about 3% heavier as a whole throughout the EU. Surplus skim milk powder continues to be offered to intervention. The EU management committee will not meet until the 16th, thus updated intervention figures not available at this time. Producers, handlers, and traders indicate that between 6,000 – 10,000 metric tons of powder are being offered on a weekly basis. For many, this volume is much heavier than previously anticipated. More are now feeling that the intervention maximum level of 109,000 metric tons will be attained. At this point, international sales activity out of Western Europe continues to be reported as light. Often, price is the limiting factor to sales versus lack of supply. The recent significant Algerian purchase has Western European suppliers questioning if this may indicate that a floor might be at hand price wise. Stocks of manufactured dairy products are growing in most locations. Strong milk production is causing manufacturing plants to operate at nearly around the clock levels. The Euro is gaining strength against the US dollar in recent days. The Euro is the strongest it has been since last fall. Traders are hopeful that this momentum will continue and subsequently will enhance trading opportunities.

**BUTTER/BUTTEROIL:** Butter markets remain weak, although prices are generally holding steady. Churning activity throughout most of Europe is seasonally heavy and production continues to surpass demand. Stocks of butter are fully sufficient for current light international buyer needs with domestic demand fair at best. Stocks continue to clear to PSA and intervention.

82% BUTTERFAT: 1,000 - 1,100  
99% BUTTERFAT: 1,250 - 1,350

**SKIM MILK POWDER (SMP):** Skim milk powder markets remain weak with prices unchanged to slightly lower. A recent significant sale to Algeria out of Europe is causing producers, traders, and handlers to question if possibly a bottom has been attained in recent price declines. At this point, some Eastern European supplies are being sourced to fill this order with Western European supplies reportedly still too expensive. Milk production is building throughout Europe, thus skim powder stocks are increasing. Offerings continue to clear to intervention at heavier than anticipated levels. More traders and handlers are feeling that the 109,000 mt maximum intervention level will be attained.

1.25% BUTTERFAT: 1,200 - 1,300

**WHOLE MILK POWDER (WMP):** Whole milk powder prices are unchanged to slightly lower, although a cautious market tone is being reported. The recent whole milk powder sale to Algeria is giving cause for some traders to think that powder prices might have reached the bottom of the decline slide. Speculation on the part of traders is that other potential buyers might look at this transaction and also return to the market for supply needs, although no additional sales are being reported as of yet. At this point, the Algerian purchase is the first significant sale reported in quite a long time. Stocks are not readily available to fill this need at this time, although strong milk production patterns throughout Europe should provide needed milk volumes to fill this order.

26% BUTTERFAT: 1,250 - 1,350

**SWEET WHEY POWDER:** Whey markets remain weak with prices unchanged. Cheese production throughout Europe is heavy, with whey supplies plentiful. As has been the pattern in past months, European whey prices are higher than international buyers are willing to pay, thus sales are slow. Most whey sales activity continues to center around internal or domestic accounts.

NONHYGROSCOPIC: 375 - 450

**OVERVIEW: EASTERN EUROPE** Milk production in Eastern Europe continues to increase. Favorable weather patterns are being reported in most countries. Good pasture conditions and grass growth are contributing factors to strong production. The recent sale to the Algerians, with shipment over the next few months, was a strong shot in the arm for Eastern European producers, especially in Poland. This is the first significant sale of the season. Producers and handlers are hopeful that his may indicate that recent price declines have come to an end. Traders are now questioning what impact the recent reporting of BSE in Poland might have on filling the Algerian order.

## OCEANIA

**OVERVIEW:** The milk production season in Australia and New Zealand is very close to the end with some milk handlers indicating that the season has ended. Most plants have greatly reduced their production schedules and many are closing for the year. As the milk production year comes to a close, milk is being directed toward products of most need and generally toward products of low perishability. In most instances, casein production is the first dairy product to be discontinued and the last operation to open when milk production resumes. Early estimates are indicating that output in New Zealand is projected to be about 4.5% ahead of last season, while output in Australia is estimated to be 6.1% ahead of last year. Heavier milk production in both countries did generate additional manufactured dairy product stocks. Most handlers and traders are comfortable with inventory levels at the end of the season. Just a few weeks ago, some producers and handlers were reporting that stocks were somewhat heavier than desired for this time of the season and overall sales activity was slow. Buyer interest is starting to improve and this is alleviating some of the stock anxiety. Traders are stating that some stocks are still uncommitted, although the volumes are in much better balance. Oceania prices have continued to weaken to remain competitive, although renewed buyer interest is giving encouragement to Oceania traders that a bottom might be close at hand.

**BUTTER:** Butter markets remain basically steady at unchanged prices. The tone to the market is weak. Oceania producers and handlers indicate that stocks are in balance with demand. For the most part, they are stating that stocks are committed, although some spot buyer interest could be addressed. Butter production is nearing the seasonal end, although some late season milk volumes are being directed toward butter/powder production.

82% BUTTERFAT: 950 - 1,050

**CHEDDAR CHEESE:** The Oceania milk production season has basically come to an end, thus cheese output is seasonally low. Current sales and future shipments will be filled from inventoried stocks. Producers and handlers are indicating that cheese stocks are in pretty good balance for known and projected needs during the upcoming winter months. Buyer interest continues to center around regular and ongoing customer needs. An overall weak tone to manufactured dairy product markets continues to put downward price pressure on Oceania cheese products.

39% MAXIMUM MOISTURE: 1,700 - 1,800

**SKIM MILK POWDER (SMP):** Skim powder markets are weak with prices unchanged to slightly lower. Oceania traders are indicating that there appears to be a slight increase in buyer interest. They are hopeful that this trend will continue and they will be able to clear some of their stocks. Reports indicate that stocks of powder are in better balance than a few weeks ago. For the most part, producers and handlers are comfortable with their supply/demand situation at this time. Some late season milk volumes continue to clear to butter/powder operations.

1.25% BUTTERFAT: 1,200 - 1,350

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets are weak with prices unchanged to slightly lower. Prices have dipped slightly lower to remain competitive in a slow international market, although some traders are indicating that buyer interest is starting to develop. Whole milk powder production is slowing down as the milk production season comes to an end, although some late season milk is being directed toward whole milk powder production. Stocks of Oceania whole milk powder are reported to be in fairly good balance.

26% BUTTERFAT: 1,200 - 1,375

Exchange rates for selected foreign currencies: MAY 06, 2002

.6374 Canadian Dollar	.0204 Indian Rupee
.3135 Argentina Peso	.4482 Zealand Dollar
.1050 Mexican Peso	.5393 Australian Dollar
1.4690 British Pound	.0079 Japanese Yen
.2521 Polish Zloty	.9180 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1080)= 9.2592.  
That is 1 US Dollar equals 9.2592 Mexican Pesos.  
Source: "Wall Street Journal"



## MARCH 2002 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 129.0 million pounds in March, 15.8 percent above March 2001 and 2.9 percent above February 2002. **AMERICAN TYPE CHEESE** production totaled 316.5 million pounds, 6.5 percent above March 2001 and 10.1 percent above February 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 717.1 million pounds, 0.5 percent above March 2001 and 10.8 percent above February 2002. **NONFAT DRY MILK** production, for human food, totaled 142.8 million pounds, 17.9 percent above March 2001 and 13.5 percent above February 2002. **DRY WHEY** production, for human food, was 91.7 million pounds, 4.2 percent above March 2001 and 14.3 percent above February 2002. **ICE CREAM** (hard) production totaled 76.7 million gallons, 0.5 percent below March 2001 but 8.0 percent above February 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAR 2002	PERCENT CHANGE FROM:			PRODUCT	MAR 2002	PERCENT CHANGE FROM:		
	1,000 LBS.	MAR 2001	FEB 2002	YEAR TO DATE 1/		1,000 LBS.	MAR 2001	FEB 2002	YEAR TO DATE 1/
BUTTER	128,972	15.8	2.9	12.7	YOGURT (PLAIN AND FLAVORED)	179,575	3.8	10.2	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT <u>6/</u>				
AMERICAN TYPES <u>2/</u>	316,452	6.5	10.1	5.9	SWEET-TYPE, HUMAN FOOD	8,653	64.4	33.4	---
CHEDDAR	246,883	5.9	9.7	5.4	SWEET-TYPE, ANIMAL FEED	962	-19.8	-1.8	---
SWISS	20,447	-1.7	8.5	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	6,602	-19.2	4.6	---	DRY WHEY, HUMAN FOOD	91,682	4.2	14.3	---
CREAM & NEUFCHATEL	54,687	-8.9	24.2	---	DRY WHEY, ANIMAL FEED	4,594	-12.9	-18.5	---
HISPANIC	9,199	7.3	3.5	<b>C</b>	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	234,694	-1.7	10.0	-1.1	HUMAN FOOD	8,227	18.9	7.3	---
OTHER ITALIAN TYPES	58,045	-9.0	10.5	-3.8	ANIMAL FEED	3,507	4.2	0.7	---
TOTAL ITALIAN TYPES	292,739	-3.3	10.1	-1.7	LACTOSE, HUMAN FOOD & ANIMAL FEED	49,297	11.2	12.1	---
ALL OTHER TYPES	17,013	3.4	8.5	---	WHEY PROTEIN CONCENTRATE				
TOTAL	717,139	0.5	10.8	2.1	HUMAN FOOD	28,178	23.5	9.3	---
COTTAGE CHEESE, CURD <u>3/</u>	38,354	-5.1	9.0	---	ANIMAL FEED	3,348	-14.4	3.8	---
COTTAGE CHEESE, CREAM <u>4/</u>	31,664	-3.8	10.0	-2.1					
COTTAGE CHEESE, LOWFAT <u>5/</u>	32,395	-1.8	8.0	-0.1					
CANNED EVAPORATED & CONDENSED									
WHOLE MILK	40,510	19.9	37.7	---	FROZEN PRODUCTS	1,000 GALLONS			
DRY WHOLE MILK	1,922	-32.4	-54.4	---	ICE CREAM (HARD)	76,692	-0.5	8.0	2.7
NONFAT DRY MILK, HUMAN FOOD	142,792	17.9	13.5	8.1	ICE CREAM, LOWFAT (HARD)	8,313	9.0	29.8	---
DRY SKIM MILK, ANIMAL FEED	674	48.5	-20.9	---	ICE CREAM, LOWFAT (SOFT)	22,900	-17.0	23.3	---
DRY BUTTERMILK	5,790	12.2	18.5	---	ICE CREAM, LOWFAT (TOTAL)	31,213	-11.3	25.0	-12.5
					SHERBET (HARD)	4,785	6.5	18.1	6.1
					YOGURT (TOTAL)	7,184	-2.8	13.2	-1.7

MANUFACTURERS' STOCKS, END OF MONTH <u>7/</u>							
PRODUCT	MAR 2002	PERCENT OF:		PRODUCT	MAR 2002	PERCENT OF:	
	1,000 LBS.	MAR 2001	FEB 2002		1,000 LBS.	MAR 2001	FEB 2002
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	42,408	37.6	14.2	HUMAN FOOD	24,572	121.7	16.6
DRY WHEY, ANIMAL FEED	1,044	-78.8	-26.8	ANIMAL FEED	1,305	-31.6	-20.8
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <u>8/</u>	8,283	54.8	2.5	CANNED EVAPORATED & CONDENSED WHOLE MILK	46,348	-13.3	1.3
LACTOSE, HUMAN FOOD & ANIMAL FEED	33,014	17.7	18.5	NONFAT DRY MILK FOR HUMAN FOOD	144,161	16.7	1.2
DRY BUTTERMILK, TOTAL	9,243	112.0	2.7				

1/ 2002 cumulative as percent change of 2001 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. 9/ Information for these products was not shown in current report.

**SOURCE:** "Dairy Products," Da 2-6 (5-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**ANNUAL MILK MARKETINGS BY PRODUCERS AND CASH RECEIPTS FROM MARKETINGS,  
BY STATE, 2001**

State	Milk Marketed by Producers		Cash Receipts from Marketings	
	Quantity 1/	Fluid Grade 2/	Total	Average Return 3/
	Mil. lbs.	Percent	1,000 Dollars	\$/cwt.
AL	297	100	50,193	16.90
AK	13.56	100	2,780	20.50
AZ	2,882	100	423,654	14.70
AR	419	100	67,459	16.10
CA	33,215	99	4,630,171	13.94
CO	1,944	100	287,712	14.80
CT	452	100	73,224	16.20
DE	149.9	100	24,134	16.10
FL	2,409	100	428,802	17.80
GA	1,420	100	225,780	15.90
HI	104.1	100	26,546	25.50
ID	7,724	99	1,042,740	13.50
IL	2,004	98	300,600	15.00
IN	2,533	96	407,813	16.10
IA	3,744	97	550,368	14.70
KS	1,599	99	231,855	14.50
KY	1,628	99	263,736	16.20
LA	620	100	99,200	16.00
ME	649	100	105,787	16.30
MD	1,284	100	208,008	16.20
MA	354	100	57,348	16.20
MI	5,800	99	881,600	15.20
MN	8,707	95	1,297,343	14.90
MS	495	100	79,695	16.10
MO	1,921	96	286,229	14.90
MT	337	100	50,887	15.10
NE	1,144	97	167,024	14.60
NV	479	100	62,270	13.00
NH	320	100	51,200	16.00
NJ	230	100	37,030	16.10
NM	5,504	100	814,592	14.80
NY	11,651	100	1,840,858	15.80
NC	1,147	100	196,137	17.10
ND	632	73	89,744	14.20
OH	4,294	92	652,688	15.20
OK	1,279	100	203,361	15.90
OR	1,709	99	264,895	15.50
PA	10,794	99	1,791,804	16.60
RI	22.8	100	3,739	16.40
SC	364	100	60,060	16.50
SD	1,566	93	236,466	15.10
TN	1,330	99	215,460	16.20
TX	5,076	100	802,008	15.80
UT	1,610	96	236,670	14.70
VT	2,647	100	418,226	15.80
VA	1,863	100	316,710	17.00
WA	5,484	100	839,052	15.30
WV	246	100	38,868	15.80
WI	21,914	95	3,243,272	14.80
WY	61.5	77	8,733	14.20
US 4/	164,072	98	24,694,531	15.05

1/ Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and small amounts sold directly to consumers. Also includes milk produced by institutional herds. 2/ Percentage of milk sold that is eligible for fluid use (grade A in most States). Includes fluid-grade milk used in manufacturing dairy products. 3/ Cash receipts divided by milk marketings. 4/ May not add due to rounding.

**Source:** "Milk Production, Disposition and Income, 2001 Summary," Da 1-2(02), National Agricultural Statistics Service, USDA.

## DAIRY PRODUCTS, ANNUAL SUMMARY 2001

**Butter** production in the United States during 2001 totaled 1.24 billion pounds, 1.5 percent below 2000. California accounted for 27.6 percent of the production, followed by Wisconsin with 26.3 percent.

**Total cheese** production, excluding cottage cheeses, was 8.13 billion pounds, 1.6 percent below the 2000 production. Wisconsin was the leading State with 26.2 percent of the production, followed by California with 19.9 percent and New York with 8.6 percent.

**American type cheese** production was 3.52 billion pounds, 3.4 percent below 2000 and accounted for 43.3 percent of total cheese in 2001. Wisconsin was the leading State with 23.6 percent of production, followed by California with 20.5 percent.

**Italian varieties**, with 3.33 billion pounds were 1.2 percent above 2000 production. Mozzarella accounted for 80.1 percent of the Italian production followed by Provolone with 7.5 percent and Ricotta with 7.1 percent. Wisconsin was the leading State in Italian cheese production with 28.5 percent of the production, followed by California with 23.5 percent and New York with 12.2 percent. Italian type cheese accounted for 40.9 percent of total cheese in 2001.

**Ice cream, Regular** totaled 981 million gallons, up slightly from 2000. Lowfat ice cream, at 407 million gallons, was up 8.9 percent.

**Nonfat dry milk for human food** totaled 1.41 billion pounds, down 2.6 percent. California was the leading state with 49.1 percent of the production. Dry whey for human food production, at 979 million pounds, was down 11.4 percent. Lactose, Human and Animal production was 523 million pounds, up 6.7 percent.

**Source:** "Dairy Products 2001 Summary," Da 2-1(02), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

**ANNUAL PRODUCTION AND NUMBER OF PLANTS MANUFACTURING SELECTED DAIRY PRODUCTS,  
UNITED STATES, 2000 AND 2001**

Product	2000 Revised		2001		Percent 2001 production of 2000 production
	Plants	Production	Plants	Production	
	<u>Number</u>	<u>1,000 pounds</u>	<u>Number</u>	<u>1,000 pounds</u>	<u>Percent</u>
Butter	77	1,256,032	77	1,236,801	98.5
Cheese Types:					
Cheddar	174	2,819,023	172	2,746,477	97.4
Other American <u>1/</u>	119	822,601	116	772,685	93.9
Total American	197	3,641,624	190	3,519,162	96.6
Swiss	37	229,322	41	245,504	107.1
Hispanic	26	96,303	30	102,680	106.6
Muenster	40	85,475	41	81,992	95.9
Cream & Neufchatel	35	687,440	33	644,692	93.8
Mozzarella	121	2,634,999	122	2,665,749	101.2
Other Italian	89	653,912	91	662,523	101.3
Total Italian	153	3,288,911	152	3,328,272	101.2
Total <u>2/</u>	402	8,257,998	405	8,129,094	98.4
Cottage Cheese, Curd <u>3/</u>	95	460,974	93	454,089	98.5
Cottage Cheese, Creamed <u>4/</u>	88	371,460	88	371,525	100.0
Cottage Cheese, Lowfat <u>5/</u>	88	363,658	87	370,884	102.0
Canned Evaporated &					
Condensed Whole Milk <u>6/</u>	7	441,986	8	452,846	102.5
Dry Whole Milk	13	111,377	12	41,307	37.1
Nonfat Dry Milk, Human	46	1,451,751	44	1,413,799	97.4
Dry Buttermilk	21	56,245	22	51,712	91.9
Yogurt (Plain & Flavored)	80	1,836,591	90	1,998,613	108.8
Concentrated Whey, Solids					
Content, Human Food <u>7/</u>	7	101,565	10	68,924	67.8
Dry Whey Products					
Dry Whey, Human Food	46	1,105,057	40	978,853	88.6
Dry Whey, Animal Feed	33	82,846	28	66,939	80.8
Reduced Lactose, Human	8	76,470	8	90,682	118.6
Lactose Total	27	490,061	28	522,935	106.7
Whey Protein Concentrate					
Human Food	28	290,462	29	275,112	94.7
Animal Feed	6	43,676	6	46,094	105.5
Frozen Products	<u>Number</u>	<u>1,000 gallons</u>	<u>Number</u>	<u>1,000 gallons</u>	<u>Percent</u>
Ice Cream, Regular	---	979,645	---	981,131	100.2
Ice Cream, Lowfat <u>8/</u>	---	373,383	---	406,746	108.9
Sherbet	---	51,933	---	52,414	100.9
Yogurt	---	94,478	---	79,599	84.3

1/ Includes Colby, Monterey and Jack. 2/ Excluding cottage cheese. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4.0 percent or more. 5/ Fat content less than 4.0 percent, mostly 0.5 to 2.0 fat. 6/ Combined to avoid disclosing individual plant operations. 7/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified dry whey products. 8/ Includes freezer-made milkshake.

**SOURCE:** "Dairy Products 2001 Summary," Da 2-1(02), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, DECEMBER 2001, WITH COMPARISONS**

In December 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$13.21 per cwt., \$1.04 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$15.74 in Florida to \$12.34 in Idaho. In December 2000, the Federal milk order all-market average mailbox price was \$12.92, \$.29 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>					
	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001
	<u>Dollars per hundredweight</u>					
Northeast Federal Milk Order	16.30	16.65	16.84	15.38	14.62	13.06
Appalachian States <u>3/</u>	16.74	17.12	17.45	16.20	16.06	13.57
Southeast States <u>4/</u>	17.20	17.73	18.06	16.79	16.36	13.88
Florida	18.56	19.48	19.79	18.55	18.60	15.74
Ohio	15.96	16.26	17.14	15.71	14.36	13.25
Michigan	15.75	16.04	16.85	15.41	14.09	13.04
Wisconsin	15.96	16.14	17.00	15.78	13.78	13.47
Minnesota	15.88	16.10	16.84	15.40	13.69	13.46
Illinois	16.05	16.19	16.97	15.89	13.79	13.36
Northern Missouri <u>5/</u>	15.83	16.17	17.03	15.76	13.90	13.21
Southern Missouri <u>6/</u>	16.16	16.45	16.99	15.59	14.87	12.70
Corn Belt States <u>7/</u>	15.73	15.88	16.74	15.52	13.58	13.06
Western Texas <u>8/</u>	15.70	16.47	16.99	15.88	14.65	13.27
New Mexico	14.91	15.36	15.77	14.43	13.44	12.52
Idaho <u>9/</u>	14.71	14.69	15.19	13.73	12.36	12.34
Utah	15.04	15.38	15.91	14.47	12.74	12.39
Northwest States <u>10/</u>	15.37	15.65	16.16	14.67	13.61	12.85
All Federal Order Areas <u>11/</u>	16.00	16.28	16.82	15.51	14.25	13.21
California <u>12/</u>	15.13	15.54	15.95	14.06	12.96	12.33

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ The prices for April-October have been revised due to the inclusion of additional data. The revised prices for April-June are; 12.96, 13.59, and 14.65 respectively. 10/ Includes Oregon and Washington. 11/ Weighted average of the information for all selected reporting areas in Federal milk orders. The prices for April-October have been revised; see 9/. The revised prices for April-June are; 14.28, 15.27, and 15.92 respectively. 12/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, APRIL

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for April 2002 is \$1.2890 per pound. Thus, the Class II butterfat price is \$1.2960. The protein and other solids prices for April are \$2.0109 and \$0.0566 per pound, respectively. These component prices set the Class III skim milk price at \$6.57 per cwt. The April Class IV skim milk price is \$6.82, which is derived from the nonfat solids price of \$0.7575 per pound.

**Product Price Averages:** The product price averages for April are; butter \$1.1720, nonfat dry milk \$0.8975, cheese \$1.2323, and dry whey \$0.1948.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	APRIL 2002				MAY 2002
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	14.72	11.88	10.85	11.09	14.51
Appalachian (Charlotte) 5/	005	14.57	11.88	10.85	11.09	14.36
Southeast (Atlanta) 6/	007	14.57	11.88	10.85	11.09	14.36
Florida (Tampa ) 7/	006	15.47	11.88	10.85	11.09	15.26
Mideast (Cleveland) 8/	033	13.47	11.88	10.85	11.09	13.26
Upper Midwest (Chicago) 9/	030	13.27	11.88	10.85	11.09	13.06
Central (Kansas City) 10/	032	13.47	11.88	10.85	11.09	13.26
Southwest (Dallas) 11/	126	14.47	11.88	10.85	11.09	14.26
Arizona-Las Vegas (Phoenix) 12/	131	13.82	11.88	10.85	11.09	13.61
Western (Salt Lake City) 13/	135	13.37	11.88	10.85	11.09	13.16
Pacific Northwest (Seattle) 14/	124	13.37	11.88	10.85	11.09	13.16
All-Market Average	---	14.05	11.88	10.85	11.09	13.84

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63—the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

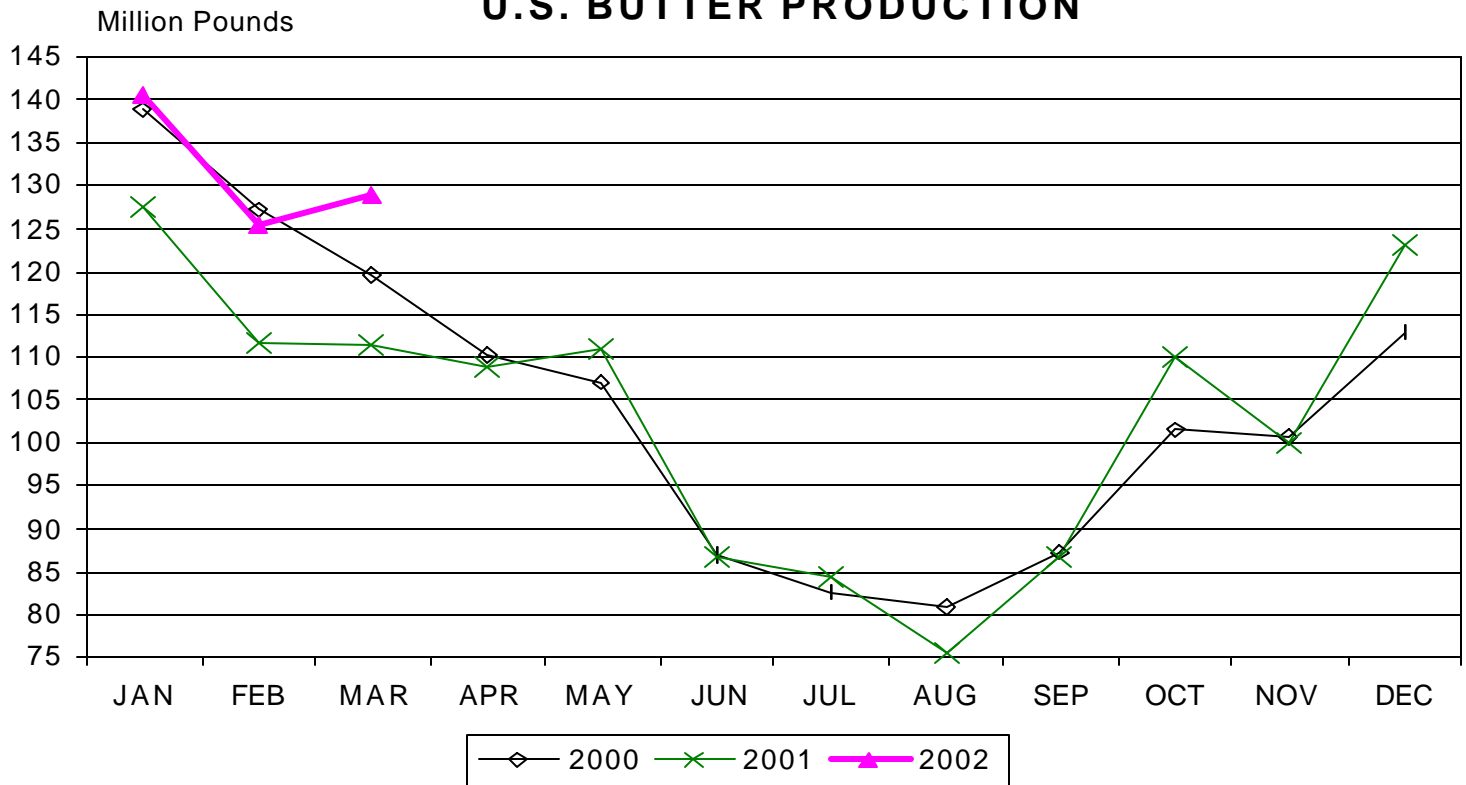
11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

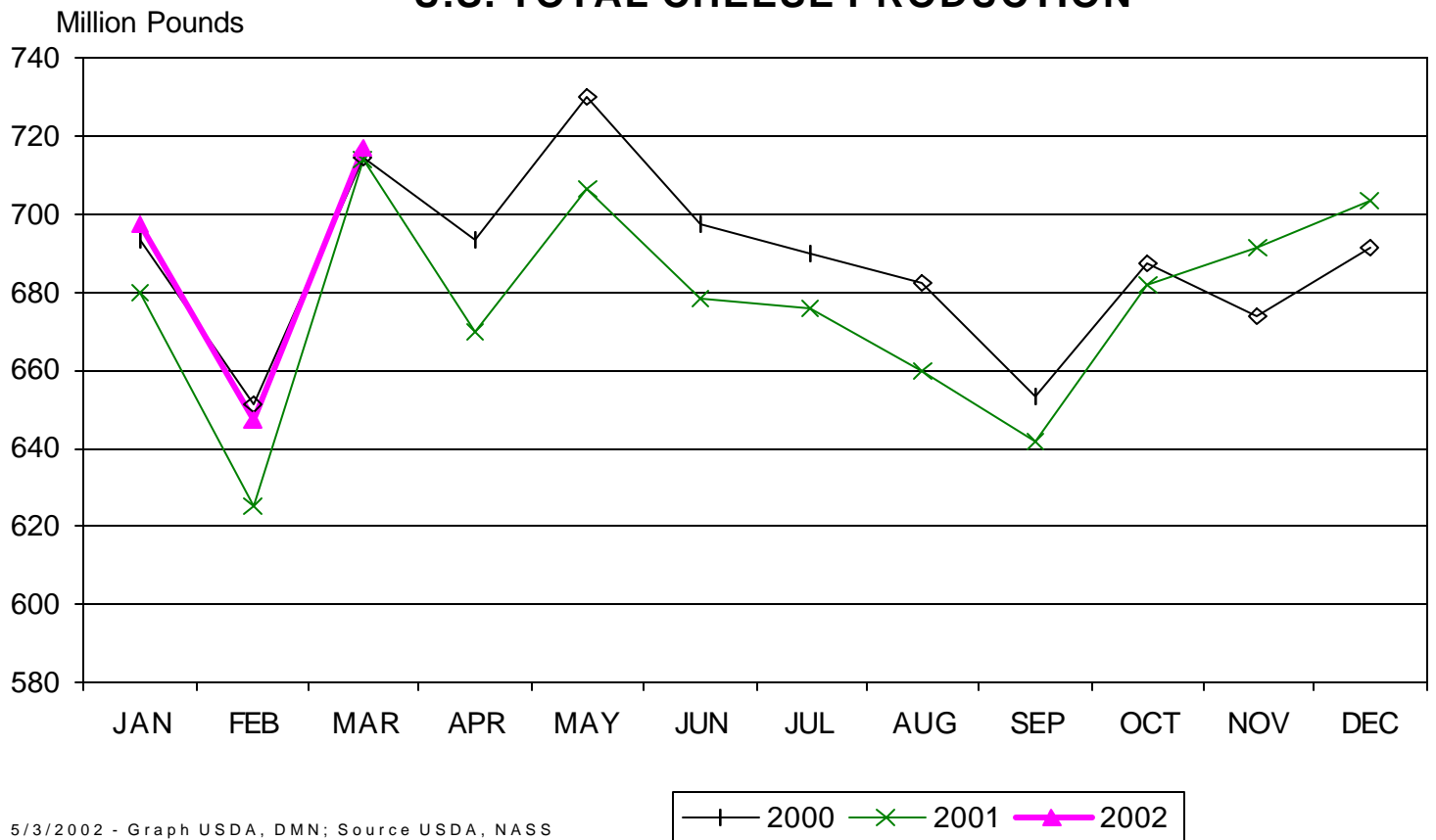
13/ Class I price at Boise is minus \$0.30.

14/ Class I prices at other cities are: Portland, same; and Spokane, same.

## U.S. BUTTER PRODUCTION



## U.S. TOTAL CHEESE PRODUCTION



**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF MAY 6 - 10, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 5/03/02	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,999,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	25,975,215	-0-	25,975,215	385,854,268	289,252,548	952,706,000	523,250,000
Fortified	-0-	-0-	-0-	-0-	27,258,654	46,391,000	37,731,000
<b>TOTAL</b>	25,975,215	-0-	25,975,215	385,854,268	316,511,202	999,097,000	560,981,000

**MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)**

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 6 - 10, 2002 =	5.7	302.4	COMPARABLE PERIOD IN 2001 =	1.6	82.7
CUMULATIVE SINCE OCTOBER 1, 2001 =	84.9	4,491.3	CUMULATIVE SAME PERIOD LAST YEAR =	171.9	3,793.9
CUMULATIVE JANUARY 1 - MAY 3, 2002 =	68.0	3,595.4	COMPARABLE CALENDAR YEAR 2001 =	55.3	2,311.3

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22  
 \*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

**CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 6 - 10, 2002 (POUNDS)**

REGION	BUTTER				CHEESE		NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	2,877,412	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	20,839,305	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	2,258,498	-0-

**CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL**

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,995,440	16,465,028	3,502,074	4.3	32.
WEST	-0-	-0-	-0-	5,039,919	345,478,060	313,009,128	89.5	67.
EAST	-0-	-0-	-0-	39,600	23,911,180	-0-	6.2	0.2
<b>TOTAL</b>	-0-	-0-	-0-	11,074,959	385,854,268	316,511,202	100.0	100.0

**SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001**

**MANUFACTURING MILK** Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

**BUTTER** Bulk \$.8548 per pound; 1# Prints \$.8848

**CHEESE** 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

**NONFAT DRY MILK** Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 04/20/02 & Comparable Week 2001

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.8	6.0	4.6	18.8	2.1	0.5	1.0	11.6	2.6	48.1	800.3	46.4	47.4
2001-Dairy	0.2	0.6	4.8	5.3	19.1	2.4	1.7	0.9	10.2	2.4	47.7	876.8	46.5	49.5
2002-All cows	0.2	1.0	8.1	13.1	28.0	13.3	15.6	3.5	14.9	6.1	103.7	1,688.9		
2001-All cows	0.3	0.8	6.6	15.2	27.9	11.4	17.8	5.5	12.3	5.0	102.6	1,771.0		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

**CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)												
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26							
II	12.69	12.28	12.19	11.88								
III	11.87	11.63	10.65	10.85								
IV	11.93	11.54	11.42	11.09								

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm0s/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm)